



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 961 (1901)

January 19, 1984

■ **SUBJECT:** Civil Rights Compliance Reviews for Organizations
Receiving Subsequent Loans and Grants for Water
and Waste Disposal Projects

TO: All State Directors; Chiefs, Community and Business Programs;
Chiefs, Community Programs; and District Directors, FmHA

Questions have been raised regarding the timing of compliance reviews when subsequent funding is provided.

FmHA Instruction 1901-E, Section 1901.204(e)(2)(i), provides that the initial compliance review will be conducted for each project prior to loan or grant closing or before construction begins, whichever occurs first.

FmHA Instruction 1901-E, Section 1901.204(e)(3)(i), allows for the frequency of subsequent compliance reviews to be reduced from 3 years to 6 years for water and waste disposal organizations with loans or development grants that have had at least two reviews since loan or grant closing covering a 6-year period, and where no discriminatory practices are indicated. If the organization receives a subsequent loan or grant after the review interval has been increased to 6 years, the frequency of future subsequent reviews will be based on the purposes for which the loan and grant funds were used.

The frequency of future subsequent compliance reviews will remain at 6-year intervals if the subsequent loan or grant was only used to fund improvements to the existing system for the benefit of existing users. For example, the construction of a well, storage tank, or treatment facility for the benefit of users on the existing system would not necessitate the resumption of compliance reviews at 3-year intervals. However, the frequency of subsequent reviews would revert to 3-year intervals if the use of the loan or grant funds included the provision of water or sewer service to a substantial number of additional users. If the project involves the construction of a storage tank for the benefit of users on the existing system and new pipelines to serve water to a substantial number of new users, the restoration of subsequent reviews at 3-year intervals would be required. Upon compliance with the requirements of FmHA Instruction 1901-E, Section 1901.204(e)(3)(i), the frequency of reviews could once again be reduced to 6 years.

Richard E. Bunner

for CHARLES W. SHUMAN
Administrator

EXPIRATION DATE: December 31, 1984

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1901-E



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